

BUDGET, FINANCE & INVESTMENT COMMITTEE

April 29, 2010

5:00 P.M.

Courthouse

MINUTES:

Members Present:

Comm. Bob Bullen
Comm. Joe Frank Jernigan
Comm. Will Jordan
Comm. Robert Peay, Jr.
Comm. Steve Sandlin
Comm. Doug Shafer
Comm. Joyce Ealy, Chrm.

Others Present:

Ernest Burgess
Comm. Anthony Johnson
Lisa Nolen
Jeff Sandvig
Anthony Tuggle
Mark King
Scott Broden

Others Present:

Elaine Short

Chairman Ealy presided and called the Budget Committee meeting to order at 5:00 P.M. with six members being present at that time. The purpose of the meeting was to receive an overview of the 2010-11 budget including the County Mayor's recommendation.

APPROVE MINUTES:

The minutes of the April 8, 2010 Budget Committee meeting were presented for approval.

Comm. Jernigan moved, seconded by Comm. Shafer to approve the minutes as presented. The motion passed unanimously by acclamation.

2010-2011 BUDGET:

Chairman Ealy advised that the budget reflected work completed up to this date in conjunction with the Finance Director, the County Mayor, the School Board, the Road Board, and department heads. Most of the budgets have gone through the committee process.

Chairman Ealy advised that the mission of the Budget Committee was to present a recommendation on the 2010-11 budget to the full County Commission on June 28.

FINANCE DIRECTOR OVERVIEW:

Finance Director Lisa Nolen presented information received from the Property Assessor's Office regarding the calculation of the certified property tax rate. The calculation did not include tax freeze properties. Values for new construction and improvements and new tangible personal property were deducted. The proposed certified property tax rate was \$2.4481 per \$100 of assessed property. She advised that the proposed certified property tax rate would be submitted to the state for approval. The current property tax rate is \$2.7350 per \$100 of assessed value. The certified property tax rate of \$2.4481 will generate the same revenue as the current property tax rate.

The Finance Director presented the distribution of the current property tax rate among the various funds with the County General Fund currently receiving \$.5725 or 20.93%; the Ambulance Fund receiving \$.0975 or 3.56%; the Highway Fund receiving \$.01 or .37%; the General Purpose School Fund receiving \$1.2650 or 46.25%; the Education Capital Projects Fund receiving \$.05 or 1.83%; and the General Debt Service Fund receiving \$.74 or 27.06%.

Using the same distribution ratio for the certified property tax rate of \$2.4481, the General Fund would receive \$.5124 or 20.93%; the Ambulance Fund would receive \$.0873 or 3.56%; the Highway Fund would receive \$.009 or .37%; the General Purpose School Fund would receive \$1.1323 or 46.25%; the Education Capital Projects Fund would receive \$.0448 or 1.83%; and the General Debt Service Fund would receive \$.6624 or 27.06%.

The Finance Director presented an analysis of the estimated revenue from current property taxes based on the proposed certified property tax rate. The revenue generated from one penny on the property tax rate would be \$578,908 for the General Fund and \$489,930 for the School Board.

The Finance Director presented a proposed Statement of Operations beginning with the estimated undesignated fund balances for all funds totaling \$80,971,822. She explained that in the Development Tax Fund there was currently a designation of \$975,000 that was set aside several years ago for debt service, if needed. She explained that it was being recommended that the designation be released next year and made available for use. The estimated 2010-11 revenue for all funds totaled \$392,777,051. It was also being proposed that \$317,200 in reserves from the Litigation Tax for construction, renovation and payment of debt for jail, workhouse, or courthouse and the Reserve for Automation for the Register of Deeds be used to help fund the budget.

The total estimated 2010-11 appropriations for all funds were \$407,190,604. The estimated appropriations exceeded the proposed revenue by \$14,096,353.

The Finance Director advised that in the General Fund, it was being estimated that the revenues would be approximately \$3.9 million short with reductions in revenue being due to Payment-in-Lieu of Tax Agreements ending, the Litigation Tax being moved to the Debt Service Fund to pay debt related to the workhouse, investment income, reductions in the County Clerk excess fees, and a reduction in the revenue from the State for housing inmates.

Increase in the General Fund expenditures were primarily due to recognizing steps for those employees who have been in their current step for three years and an increase to the pay table of one percent. The Finance Director advised that the General Fund included two new SRO's, one for a middle school and one to be shared among Campus School, McFadden, Thurman Francis, and La Vergne Middle School. A Domestic Violence Investigator for the Sheriff's Department was also included in the budget, which was previously approved by the County Commission, and will be funded 75% through the Federal STOP Grant. The General Fund Budget also included a Fire Chief, but the Fire Coordinator position has been eliminated.

Other positions being eliminated were the Environmental Administrative Assistant, which was being transferred to a vacant position in the Planning Department; a Building Codes Zoning Inspector; a Drug Court Case Manager, and a Drug Court Therapist moving from full time to part time.

The Finance Director advised that in the General Fund a fundamental change was being proposed for how fire services were addressed in the rural areas. She advised that the net cost to the budget was approximately \$20,000.

Regarding the Solid Waste Fund budget, the Finance Director advised that more demand would be placed on the undesignated fund balance because of replacing a truck.

The Finance Director advised that the Ambulance Service Fund was balanced.

There were essentially no changes in the 2010-11 Industrial/Economic Development Fund budget.

In the 2010-11 Drug Control Fund, a significant reduction in revenue from the courts and sale of confiscated property has required a reduction of two full time positions. One position is currently vacant, and the other will move to a vacant position in the Sheriff's budget.

In the 2010-11 Development Tax Fund, \$1.1 million in revenues was estimated from development tax proceeds. Two significant capital projects will be addressed in this budget for next year – a communications project and the fire/rescue project. It was being recommended that the \$975,000 designation be used to help fund these projects.

The 2010-11 Highway Fund budget reflected utilizing \$1.9 million of the undesignated fund balance. However, the Road Board typically budgets a large portion of their fund balance, but the entire budget is usually not spent. Within the past five years, the Highway Fund undesignated fund balance actually increased every year up until 2009 when \$104,298 of the fund balance was used. Quarry operations have been eliminated in the 2011 budget, and existing

employees have been moved to vacant positions in other functions. She advised that through natural attrition, over the past three years, the Road Board has reduced the total number of employees from 77 to 66 and four of those positions are currently vacant. For next year, salaries have been budgeted with a five percent salary increase.

In the 2010-11 General Purpose School Fund, the Board anticipates receiving over \$7.25 million in additional funds from the State BEP revenue. In addition, the Board of Education has been holding back on expending appropriations in the current year in order to have available balances to use in the 2011 budget, of which approximately \$6.8 million will be needed. Because of the reduction in the sales tax estimate, the county is currently not meeting the maintenance of effort by approximately \$500,000.

In the 2010-11 Debt Service Fund budget, the estimated revenue exceeds the appropriations by \$1.4 million. The estimated revenue reflected moving the Litigation Tax from the General Fund to the Debt Service Fund to cover the payment of principal and interest for the Correctional Work Center. Also, because the next high school project was delayed, there is available revenue in the Debt Service Fund. The final recommendation is to move approximately \$3 million from the debt service fund with \$2.5 million going to the General Fund and \$500,000 to the General Purpose School Fund. This will be accomplished by redistributing the property tax rate. This proposal will use approximately \$1.5 million of the Debt Service undesignated fund balance, but it will leave approximately \$30.9 million remaining in the fund balance.

The proposed distribution of the certified property tax rate reflected \$.5560 to the General Fund; \$.0873 to the Ambulance Service Fund; \$.009 to the Highway Fund; \$1.1426 to the General Purpose School Fund; \$.0448 to the Education Capital Projects Fund; and \$.6084 to the Debt Service Fund for a total of \$2.4481.

The County Mayor explained that the Budget Committee and the County Commission would have to make a decision as to whether to adopt the certified property tax rate or something greater than or less than the certified property tax rate. If the certified property tax rate is the actual property tax rate, it should generate the same dollars as the current property tax rate. If a property tax rate that is greater than the certified property tax rate were to be adopted that would be a property tax increase.

ADJOURNMENT:

Chairman Ealy stated that several work sessions were scheduled where the committee will work in detail and perhaps refine what has been presented. The first work session is scheduled for Tuesday, May 11 at 5:30 P.M. beginning with the General Fund.

There being no further business to be presented at this time, Chairman Ealy declared the meeting adjourned at 5:50 P.M.

Elaine Short, Secretary